## **Estimated Corporate Income Tax**

Are estimated income tax payments required for corporations? If so, how much do we need to pay?

C-Corporations are required to pay Colorado estimated income tax during the taxable year if it can reasonably be anticipated that the corporation's Colorado tax liability for the tax year will exceed \$5,000.

The Colorado tax liability for purposes of the estimated tax computation is defined as the total amount of Colorado tax plus the recapture of prior year credits less all income tax credits other than withholding credits and estimated tax credits.

The required annual amount to be paid is the lesser of:

- 1) 70% of actual Colorado tax liability, or
- 2) 100% of preceding years Colorado tax liability. Only applies if:
- The preceding year was 12 month tax year, and
- The corporation filed a Colorado return, and
- The corporation is not defined under section 6655 of the federal IRS code as a large corporation

Corporations that do not receive income evenly during the year may elect to use the annualized income installment method to compute their estimated tax payments if they elected annualized installments or adjusted seasonal installments for the payment of their federal income tax. See FYI Income 51 "Estimated Income Tax" for additional information on the annualized income installment method.